

2005 White House  
Conference on Aging

**Post-Event Summary Report**

**Name of Event:** Nassau County White House Conference Independent Aging Event

**Date of Event:** June 15, 2005

**Location of Event:** Hofstra University, Uniondale, New York  
(Include city and state)

**Number of Persons attending:** 300

**Sponsoring Organization(s):** Nassau County Department of Senior Citizen Affairs (DSCA)

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Please follow this format for each priority area, with the most important listed first. **Please ensure that your organization's name and contact information is provided at the bottom of each page submitted.**

**Priority issue #1:** (describe specific issue)

Presently, banks or third-party entities are required by law to pay the amount of a judgment to the creditor from the debtor's funds under its control. In many instances, the bank accounts contain funds that are exempt from garnishment under federal and state laws, such as Social Security, Veteran's Pensions, etc., but banks are strictly required to "freeze" the accounts. At times these funds are needed for the payment of rent or other necessities and the "exempt income" is not available until the restraints are lifted. This creates an unnecessary hardship for seniors whose resources are extremely limited.

**Barriers:** ((list any barriers that may exist related to this issue))

It is the senior's responsibility to convince creditors that "exempt income" cannot be used to pay debt, allowing the bank to remove the "freeze" on that income. This can be a timely process and additionally, banks are entitled to assess penalties for the extra service involved in lifting the restraint, creating additional hardship for the senior.

The garnishment can have a cascading effect on seniors whose resources are extremely limited, leading to late charges by landlords, possible evictions or utility shut-offs.

Litigation has been attempted but was not successful in facilitating the exclusion of "exempt income" from being restricted from "freeze".

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**Proposed Solution(s):** (list suggested solutions to the challenges described above)

1. Congress should enact a prohibition of garnishment from special “direct-deposit” accounts. Such limited accounts might have to be additional to recipients’ regular accounts. Similar actions should be taken by individual states.
2. Congress could require that banks create these accounts without extra expense to seniors or for a monthly fee capped by federal law.

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Submitted by: Jane C. Reinhardt, Esq.

Nassau/Suffolk Law Services Committee, Inc.

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